REMARKS

Reconsideration of the application is respectfully requested for the following reasons:

1. Amendments to Claims

Claims 1 and 14 have been amended to clarify that the "responses to program content," which cause the advertisements to be updated, are the same responses (said responses to program content) that determine which of several paths is to be taken by the program.

The reason for the change is that the Examiner is interpreting the claimed responses as corresponding to those of Kitsukawa, which involve selection of an advertising icon and which do **not** determine which of **several paths** is taken by the program. In fact, Kitsukawa does not disclose any sort of **interactive, multiple path program**, much less one in which advertisements inserted into the program are determined by the paths chosen by the viewer.

2. Rejection of Claims 1 and 14 Under 35 USC §102(e) in view of U.S. Patent No. 6,282,713 (Kitsukawa)

This rejection is again respectfully traversed on the grounds that the Kitsukawa publication does not disclose or suggest updating of advertisements inserted into *interactive* programs, based on user responses to program *content*. Instead, Kitsukawa discloses superposition of icons or text onto a program, the icons or text enabling selection of an advertisement without affecting the underlying program.

It is believed that no reasonable person would interpret selection of an advertising icon as being a response to program content, as originally claimed. Nevertheless the claims have been further amended to specify that **the response to program content is a response that determines a *path* of a *multiple path interactive program***. The advertising icons of Kitsukawa cannot be said to determine selection of a path from among the multiple paths of an interactive program. To the contrary, since Kitsukawa does not disclose multiple program paths, as claimed, it could

not possibly have suggested insertion of advertisements based on the program paths selected by the user. The advertisements inserted by the system of Kitsukawa are simply placed on top of the program, and are not intended to be viewed as part of the program content.

These distinctions may again be summarized as follows:

Claimed:	•	**Interactive** Program with **Multiple Paths**
	•	Advertisement Selected Based, at least in part, on **Viewer Path Selection**
	•	Selected Advertisement Appears as **Part of Program Content**
Kitsukawa	•	Regular "Broadcast" Program–**No Path Choosing Option**
	•	Advertisement Selected Based on Viewer Selection of Icon or Text–Has **NO effect on Program Content**
	•	Selected Advertisement Superimposed on Program, **Does NOT Appear as Part of Program Content**

In the last paragraph on page 2 of the Official Action, the Examiner states that Kitsukawa discloses the step of inserting advertisements 521-529 into a selected portion of the displayed program 502. However, elements 521-529 shown in Fig. 5 of Kitsukawa are **not** advertisements. Elements 521-529 are merely alerts that an advertisement is available for recall by the viewer. As explained in col. 8, lines 58 *et seq.* of Kitsukawa, the marks 521-529 indicate that advertising is available for selected items in the scene, such as the chair in which the actor is sitting, *but the advertisement does not appear until the user clicks on the mark.* If the user does not click on the mark, the advertisement will never appear and the scene will continue as if the mark were not there. Moreover, if the user does click on the mark, the advertisement will appear and yet the scene will still continue as before. In other words, clicking on a mark of Kitsukawa does not affect the program path, which is not variable.

Claim 1 therefore contains two limitations that are not disclosed or suggested by the Kitsukawa patent. The first is that claim 1 specifically recites:

> *. . .inserting, while said program or other images are being displayed, an advertisement into a selected portion of the displayed program or other images, said advertisement being displayed* ***in a manner appropriate to the content*** *of the*

> *displayed program or other images* ***so that the advertisement appears to be a part of the content*** *of the program or other images being displayed.*

In the system of Kitsukawa, advertisements may be superimposed on a scene, such as advertisement 610 is superimposed on scene 605 in Fig. 6 of Kitsukawa, but the display has nothing to do with the content of the images. There is no attempt to integrate advertisements with the content of the scene so that they appear to be part of the program, as claimed

In addition, claim 1 specifically recites that

> *. . .said program is an interactive program,* ***said program having several possible paths****, said paths being determined by responses by the user, viewer, or consumer to the program content, and wherein* ***said advertisement is updated based on*** **said** ***responses to said program content****, said responses to said program content being submitted by the user, viewer, or consumer, via an interface device.*

There is no suggestion in Kitsukawa that the program over which the marks are superposed is an interactive program ***whose path is determined by responses by the viewer***. To the contrary, col. 1, lines 24-34 of Kitsukawa lists the type of broadcast programs available, and none involves interactivity of the type claimed, *i.e.*, interactivity in which viewer responses determine program content. In the system of Kitsukawa, viewer response (clicking on text or an icon) determines whether an advertisement is displayed, but the viewer response does not affect the underlying program content (in Fig. 5, the actions of the man and boy). In addition, in the system of Kitsukawa, although the viewer might select a mark that is related to program content, the selection is not in response to the program content, but rather a response to the display of the mark, which merely indicates whether the viewer wants to see an advertisement.

Essentially, the Kitsukawa patent discloses display of advertisements in response to selection of icons or text associated with objects present in a scene. The icons or text are not part of the program content, but rather are displayed only if the user selects and advertising mode, which does not affect program content, and clearly does not cause the program to proceed along a **different path** than it would have if a selection had not been made. This is best understood in connection with Fig. 5 of the Kitsukawa patent. The scene includes various objects 511-519,

each of which is associated with an icon 521-529 positioned at the bottom of the screen. When the viewer sees an object that he or she would like to know more about, the viewer selects the appropriate icon 511-519 and a corresponding advertisement is presented on the screen. **The objects and icons displayed on the screen shown in Fig. 5 of Kitsukawa are not themselves advertisements, and the advertisements called upon selection of an icon are not part of the scene, as claimed.**

Figs. 6 and 7 of Kitsukawa show similar arrangements in which text 606 or an icon 720 is displayed at the bottom or side of a scene, and advertisements are displayed upon selection of the text or icon. The advertisements of Kitsukawa are not content-appropriate parts of the scene., and the display of text or icons does not depend on viewer responses.

The Kitsukawa publication, like the references previously relied-on by the Examiner, essentially merely discloses insertion of advertisements into an ordinary video program, with the twist that the advertisements are selected by clicking on "alerts" displayed in a section of the screen. The content of the program, except for the inserted advertisements, is not determined by viewer reactions to program content, but rather by viewer selection of alerts that are not part of the program content, and therefore Kitsukawa does not disclose a basic principle of the claimed invention, which is to permit a viewer to interact with a program as if the advertisements were not there, while still affecting the display of advertisements. The existence of advertisements does not change this interaction. According to Kitsukawa, the viewer interacts with advertisement markers and not the program itself, as illustrated by the following:

Kitsukawa:	insert markers into non-interactive program	→	viewer selects marker	→	ad is displayed
Claimed:	play interactive program	→	viewer responds to program content	→	viewer responses to program content determines future ad insertions

In contrast, the point of the claimed invention is to seamlessly integrate ads into interactive programs, **so that the viewer reacts only to the program content**, the ads blending into the

background–*while nevertheless responding to viewer preferences as determined based on* **reactions to the viewed content**.

There are a variety of "interactive" programs into which the ads may be inserted. One is the "**multi-path**" movie which pauses at various points during the movie and gives the viewer the option of selecting one of two outcomes, which determines how the movie proceeds. Another is an interactive **video game**. However, in each of these types of interactive programs, and by definition in all other interactive programs, the viewer is responding to the **content** of the program **itself**. THE KITSUKAWA PUBLICATION DOES NOT CONCERN SUCH AN INTERACTIVE PROGRAM, or at least does not insert advertisements into a program based on viewer reactions to program content (as opposed to viewer selection of particular advertisements), and therefore the Kitsukawa publication does not anticipate any of the currently pending claims. As a result, withdrawal of the rejection of claims 1, 2, 7, 14, and 15 under 35 USC §102(e) is respectfully requested.

3. Rejection of Claims 2 and 12 Under 35 USC §102(e) in view of U.S. Patent No. 6,282,713 (Kitsukawa) and PCT Publication No. WO 98/28906 (Rosser)

This rejection is respectfully traversed on the grounds that the Rosser publication, like the Kitsukawa patent, **whether considered individually or in any reasonable combination,** fails to disclose or suggest updating of advertisements based on viewer responses to an interactive program, as claimed. Instead, Rosser relies on pre-programmed or predetermined "viewer profiles" which contain information about the user, but are not based on **path-selecting** responses to the program itself, or to advertisements within the program.

Initially, it is noted that the Examiner did not consider Applicant's previous arguments on the grounds that the arguments, as part of the discussion of why the combination is improper, mentions what is taught by the **individual references**. It appears from the Examiner's comments in the first paragraph on page 4 of the Official Action, and the lack of any other response to Applicant's arguments, that the Examiner feels that the cited cases prohibit consideration of what

is taught by the individual references. This approach is completely misguided. In order to understand what is taught by the prior art, it is necessary to consider what is taught by the references, and then to consider whether it is obvious to combine the references. Far from being irrelevant, the teachings of the references **as a whole** are critical to the question of obviousness.

When the references are considered **as a whole**, it is apparent that even if the teachings of Rosser concerning updating of advertisements based on viewer profiles were applied to Kitsukawa's arrangement, the result would not have been the claimed invention, because Rosser does not suggest replacing Kitsukawa's "alerts" with advertisements selected based on viewer selection of program paths. **This is not a matter of attacking references individually, as alleged by the Examiner, but rather goes to the question of whether the combination proposed by the Examiner would have resulted in the claimed invention.** If the references are properly considered, it is clear that the proposed combination could not possibly have resulted in the claimed invention because Rosser merely suggests that the advertisements invoked by selection of an icon or text in the system of Kitsukawa might be based on viewer profiles, and does not even remotely disclose or suggest updating advertisements based on responses to the content of the program, and in particular **path-selecting** responses to the program content. The advertisements of the combined arrangement would still not be based on viewer selection of program paths, as claimed, but only on previously collected data concerning the viewer. **Responses based previously collected data, as in Rosser, are not the same as responses that select program paths, as claimed.** Since neither Kitsukawa nor Rosser discloses or suggests program path selection, as claimed, the ***combination*** of Kitsukawa nor Rosser also could not have suggested program path selection.

As noted previously, the present invention thus extends Rosser's concept of advertisement insertion into a video program beyond the television **broadcast** environment of both Kitsukawa and Rosser. In particular, the claimed invention now recites an advertisement insertion method and system that can be used in an interactive environment such as that provided by state of the art video game consoles such as the Microsoft X-Box or Sony PlayStation 2, or

personal computers, enabling advertisements to be inserted into virtual reality simulations or on-line games such as the SIMs, as well as in a two-way broadcast environment such as digital cable.

While it is true, as evidenced by other references cited by the Examiner (and discussed below) that there are on-line systems that provide for user response to advertisements, none of the prior systems uses the viewer response to the advertisement (or program) for the purpose of updating the advertisements to which the viewer has responded, and therefore none of these references could have suggested modification of the systems of Rosser and Kitsukawa to provide for such feedback-based updating of the inserted advertisements.

The Kitsukawa and Rosser systems do not contemplate any such interactive on-line environment, but rather are limited to video broadcasts. While it is true that the user box or console of Rosser provides **demographic data** back to the broadcaster, for use in selecting advertisements, **there is no mechanism for feeding back viewer responses to the programs and/or advertisements themselves** as is also positively recited in the claims. Instead, the user box of Rosser merely monitors viewing time and channels in order to infer demographic data based on viewing habits, while the system of Kitsukawa merely permits a viewer to select from among multiple available advertisements, and does not consider viewer selection of program paths.

Because the Kitsukawa patent and Rosser publication, whether considered individually or in any reasonable combination, fail to disclose or suggest all elements of the claimed invention, withdrawal of the rejection of claims 2 and 15 under 35 USC §103(a) is respectfully requested.

4. Rejection of Claims 7 and 8 Under 35 USC §103(a) in view of U.S. Patent Nos. 6,282,713 (Kitsukawa) and 6,604,239 (Kohen)

This rejection is again respectfully traversed on the grounds that the Kohen patent, like the Kitsukawa patent, does not disclose or suggest insertion of advertisements into an interactive

program based on selection of a program path by the user. Instead, the Kohen patent is solely direct to collection of information on viewer preferences. Furthermore, the information collected by Kohen is not based on viewer selection of program paths, but on interactive Internet polls, which might be useful for designing advertisements, but **cannot** be used to select advertisements for real-time insertion into a particular program based on the particular viewer of that program.

In other words, Kohen collects information on multiple viewers in order to rate an advertisement, whereas Kitsukawa is directed to selection of advertisements for a specific viewer, and thus the system of Kohen is not useable in the system of Kitsukawa, and the result of the combination of Kitsukawa and Kohen could not possibly have been the claimed insertion of advertisements based on an individual viewer's selection of program paths. Consequently, withdrawal of the rejection of claims 7 and 8 under 35 USC §103(a) is respectfully requested.

It is noted that the Examiner's only response to this argument was to cite the *Keller* and *Merck* cases regarding attacking references individually. In reply, the Applicant respectfully submits that what is taught in the individual references is in fact relevant to the obviousness of the combination, and urges the Examiner to in fact consider the content of the references. The Examiner's approach of combining unrelated references, and then refusing to consider arguments that explain what is taught by the references and how they are unrelated, is not sanctioned by either *Keller* or *Merck*, or any other more recent court case, all of which emphasize consideration of what is actually taught by the references in determining the obviousness of the combination.

5. Rejection of Claim 11 Under 35 USC §103(a) in view of U.S. Patent Nos. 6,282,713 (Kitsukawa) and 6,172,677 (Stautner)

This rejection is respectfully traversed on the grounds that the Stautner patent, like the Kitsukawa patent, does not disclose or suggest insertion of advertisements into an interactive program based on selection of program paths by the user. Instead, the Stautner patent discloses embedding of web-based content into broadcast program guides. Although a displayed advertisement can function as an icon for initiating a sequence of events, such as the ordering of a pizza (col. 6, lines 50-60 of Stautner), the ordering of the pizza has **no** effect on the display of

advertisements, and thus there is no feedback in the manner of the claimed invention, and Stautner could not have suggested modification of the system of Kitsukawa to achieve such feedback (insertion based on selected program paths). **Again, this is not a matter of attacking references individually, as alleged by the Examiner, but rather involves consideration of why the references should or should not be combined, and what the result of the combination will be.** Consequently, withdrawal of the rejection of claim 11 under 35 USC §103(a) is respectfully requested.

6. Rejection of Claims 12 and 13 Under 35 USC §103(a) in view of U.S. Patent Nos. 6,282,713 (Kitsukawa) and 6,618,858 (Gautier)

This rejection is respectfully traversed on the grounds that the Gautier patent relates solely to user identification, and therefore could **not** possibly have suggested **modification of the system disclosed in the Kitsukawa patent** to provide for insertion of advertisements into an interactive program based on program paths selected by a user. **Again, the Examiner's only response to this argument is to indicate that mentioning the content of the references is improper.** Since it is in fact proper to mention the content of individual references in order to explain why they do not suggest the claimed invention, withdrawal of the rejection of claims 12 and 13 under 35 USC §103(a) is respectfully requested.

7. Rejection of Claims 3-6 Under 35 USC §103(a) in view of U.S. Patent No. 6,282,713 (Kitsukawa), PCT Publication No. WO 98/28906 (Rosser), and U.S. Patent No. 6,208,386 (Wilf)

This rejection is respectfully traversed on the grounds that the Wilf patent, like the Kitsukawa patent and Rosser publication, does not disclose or suggest insertion of advertisements into an interactive program based on selection of multiple program paths, as recited in claim 1. Instead, the Wilf patent is directed to systems for locating and replacing billboards that appear in broadcast television programs, and does not anywhere mention processing, transmission, or reply to viewer responses to the replacement "billboards."

In addition, with respect to claim 6, the Applicant again respectfully disputes the Official Notice that "it is well known in the art to use the system as taught by Rosser and Wilf et al. for a musical event to present advertisements on the background of the stage." All of the art of record is directed to sporting events, and the undersigned is not aware of any broadcasts that use a system analogous to that of Kitsukawa, Rosser, and Wilf to replace stage backgrounds with advertising or billboards, or that anyone has proposed to do so. If there is a "motivation" for the combination, the Examiner has not cited any evidence. As a result, withdrawal of the rejection of claims 3-6 under 35 USC §103(a) is respectfully requested.

Having thus overcome each of the rejections made in the Official Action, withdrawal of the rejections and expedited passage of the application to issue is requested.

Respectfully submitted,

BACON & THOMAS, PLLC

By: BENJAMIN E. URCIA
Registration No. 33,805

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BACON & THOMAS, PLLC
625 Slaters Lane, 4th Floor
Alexandria, Virginia 22314

Telephone: (703) 683-0500

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